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ABSTRACT

Details relevant to the operation of the Association for Continuing Education (ACE) for the year ending June 30, 1973 are presented. ACE is a non-profit corporation offering live, televised courses to employees of cooperating firms in the San Francisco area. Using the television facilities of Stanford University, instructional programs are broadcast to students at their places of work, three times daily, five days a week; a two-way FM audio link makes the classes fully interactive. Courses are currently offered in business administration, cybernetic systems and supervisory management. The report includes some general information about ACE, lists of corporate officers and board members, a roster of member companies, annual reviews of operations and programs, a consolidated balance sheet, an audit and the outlook for the future. (PB)

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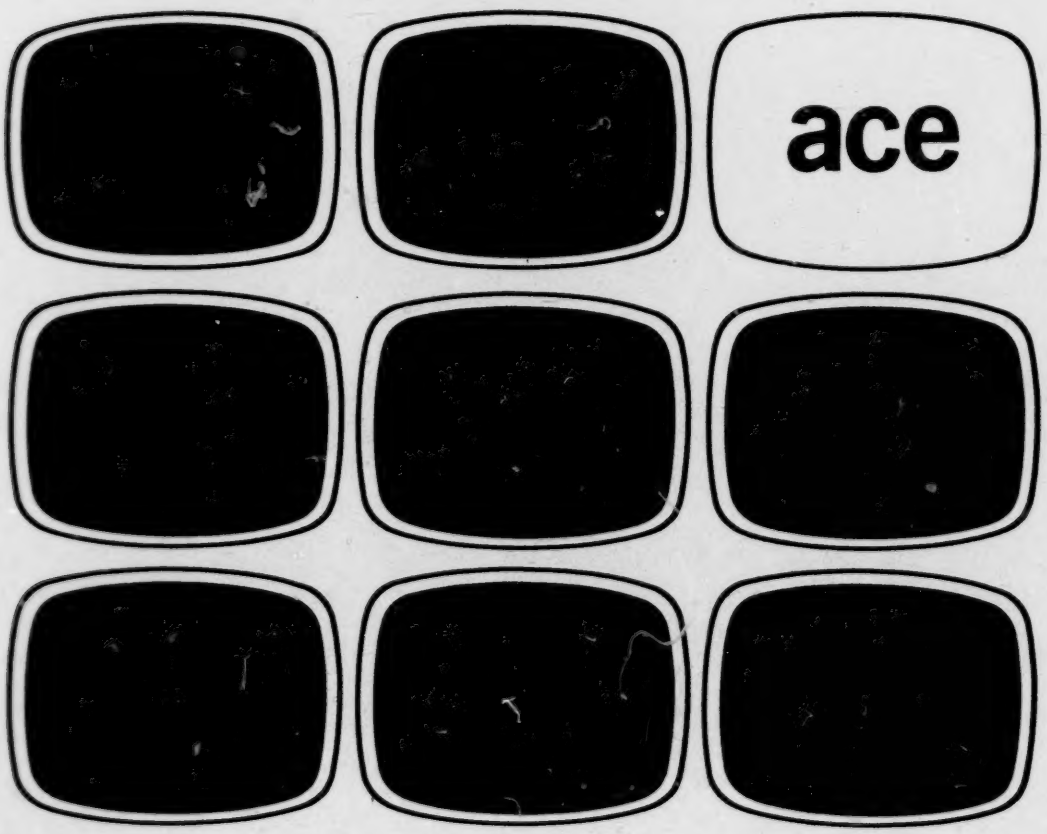
Association for Continuing Education

ANNUAL REPORT

June 30, 1973



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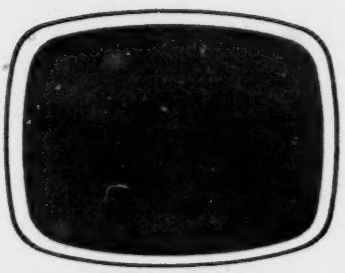

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Association for Continuing Education

404-A Durand Building • Stanford, California • 94305 • Tel: (415) 327-4283

October 30, 1973

TO: Members of the Association for Continuing Education

The major accomplishment of ACE during the last year is the continued improvement of the educational program being broadcast to our member companies. This improvement in quality is a result of putting together coherently related courses while at the same time rather dramatically improving the quality of instruction and the course content. This will continue to receive the staff's principal efforts.

The second most important achievement in the last year is the improvement in our financial situation. We show a current surplus while at the same time were able to collect $25,000.00 from our insurance company. This non-recurring income was used to pay off debts accumulated as a result of alleged embezzlement in prior years. The rest of our debts will hopefully be paid off as a result of a lawsuit currently being pursued to collect the remainder of the allegedly embezzled funds. We believe that ACE will continue to show some surplus, which in turn will allow us to expand the services and further improve the quality of these services.

The third accomplishment during the last year is the enrollment of eight new member companies into the Association. I would like to take this opportunity to welcome these members to the Association.

I would also like to take this opportunity to thank Stanford University and the member companies who stayed with us during the trying times of ACE and hope that the results of the last year justify that support. Your continuing support is fundamental to the success of ACE.

As a final comment, I think the staff of ACE warrants a strong vote of confidence from the member companies for the outstanding results. Mr. Davis and Ms. Steen have done a dedicated and professional job in achieving the turnaround of ACE.

Sincerely,

ASSOCIATION FOR CONTINUING EDUCATION

Donald A. Wolf

Donald A. Wolf
Chairman of the Board

Association for Continuing Education

Annual Report — June 30, 1973

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"About ACE. . ."

ACE is a non-profit corporation offering a variety of live, televised courses to employees of San Francisco Bay Area firms, which are members of the Stanford Instructional Television Network. Using the Stanford television facilities, ACE presents graduate courses leading to the Degree of Master of Business Administration which is awarded by Golden Gate University in San Francisco.

Undergraduate courses that prepare the student for admission to the MBA program are offered through the cooperation of the College of Notre Dame in Belmont, which sends their faculty to the Stanford University campus where the classes are presented.

A selection of graduate technical courses are presented through the cooperation of California State University at San Jose which deal with the futures-oriented subject of Cybernetic Systems. It is anticipated that these will develop into a series which will lead to an integrated Master of Science degree awarded by CSU at San Jose.

A series of 4 courses leading to a Certificate in Supervisory Management are scheduled regularly throughout the year. Other courses and special programs available through ACE are designed to meet specific education or training requirements of member firms and may be scheduled on request.

All programs of instruction originate at Stanford University and are broadcast to students where they work. The instruction is fully interactive with a 2-way FM audio link between the students in off-campus classrooms and the instructor at Stanford. Courses are normally scheduled from 7:00-8:00 AM, 12:00 (N)-1:00, and from 5:00-7:00 PM, Monday through Friday over 4 channels in the ITFS band. Special receiving equipment is required to participate. A daily courier service delivers mail from the campus to the students and picks up mail to be returned to the campus.

Association for Continuing Education

Corporate Officers

Donald A. Wolf GTE-Sylvania	Chairman of the Board
Robert C. Hike Standard Oil Company	Vice-Chairman of the Board
Robert A. Booth GTE-Sylvania	Treasurer
Kenneth S. Down Stanford University	Secretary (Ex Officio Member of the Board)
Charles M. Davis ACE	General Manager

Members of the Board of Directors

Robert A. Booth, GTE-Sylvania
Wade Cone, Philco-Ford Corporation (WDL)
Thomas J. Donovan, Ampex Corporation
Robert C. Hike, Standard Oil Company of California
John Leveen, NASA/Ames Research Center
L. Farrell McGhie, Stanford University
John J. Scanlon, Bechtel Corporation
Lawrence R. Thielen, Avantek, Incorporated
John D. Webster, IBM Corporation
Donald A. Wolf, GTE-Sylvania
Kenneth S. Down, Stanford University (Ex Officio)

Members

AMERICAN MICRO-SYSTEMS, INCORPORATED
AMPEX CORPORATION
ARGO SYSTEMS, INCORPORATED
AVANTEK, INCORPORATED
BARRY RESEARCH
BECHTEL CORPORATION
JOHN BLUME AND ASSOCIATES
CALIFORNIA STATE UNIVERSITY, SAN JOSE
COLLEGE OF NOTRE DAME
DIVERSIFIED ELECTRONICS
ELECTRO-MAGNETIC SYSTEMS LABORATORIES (ESL)
FAIRCHILD CORPORATION
FLUOR-UTAH
GENESYS SYSTEMS, INCORPORATED
GOLDEN GATE UNIVERSITY
GTE-SYLVANIA
HEWLETT-PACKARD CORPORATION
HYDROCOMP, INCORPORATED
INTERNATIONAL BUSINESS MACHINES (IBM)
KENNEDY ENGINEERS
LAWRENCE LIVERMORE LABORATORIES
LOCKHEED MISSILES AND SPACE COMPANY
NASA/AMES RESEARCH CENTER
NATIONAL SEMICONDUCTOR
PACIFIC GAS AND ELECTRIC COMPANY
PHILCO-FORD CORPORATION
QUANTIC INDUSTRIES, INCORPORATED
SANDIA LABORATORIES
SINGER-LINK DIVISION
STANDARD OIL OF CALIFORNIA
STANFORD RESEARCH INSTITUTE
STANFORD UNIVERSITY
SYSTEMS CONTROL, INCORPORATED
TELEDYNE MICROWAVE
VIDAR CORPORATION
WATKINS-JOHNSON
XEROX, PALO ALTO RESEARCH CENTER

Annual Report — June 30, 1973

OPERATIONS

1. During the 12 month period ending June 30, 1973, ACE offered 60 courses with 2100 enrollments for an average class size of 35+ students. A comparison with the number of courses and enrollments in previous years is illustrated in Figure 1.

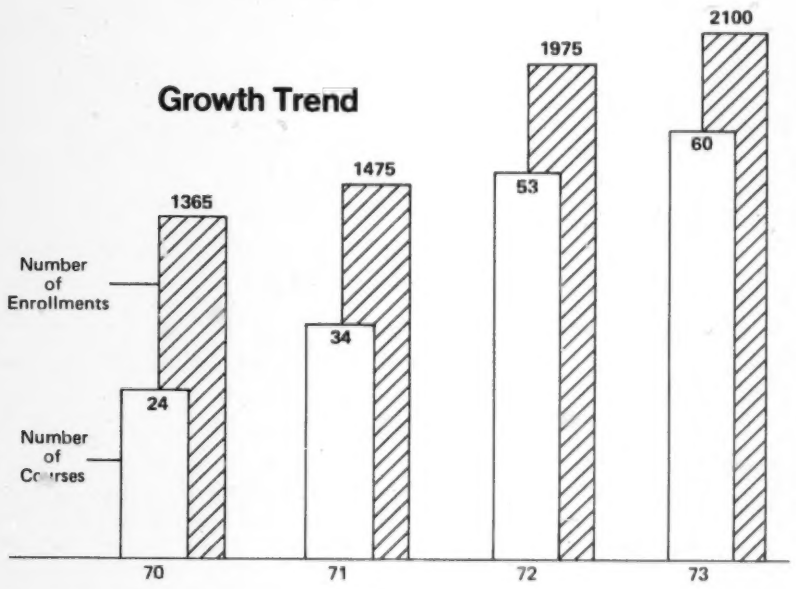

Figure 1

2. ACE welcomed 8 new member companies in 1972-73. The new members are:

Argosystems, Inc., Palo Alto
Avantek, Santa Clara
Diversified Electronics, Sunnyvale
Lawrence Livermore Laboratories, Livermore
National Semiconductor, Santa Clara
Quantic Industries, Inc., San Carlos
Sandia Laboratories, Livermore
Xerox Research Center, Palo Alto

3. The financial position of ACE remained current with a year-end surplus of $8,203 before repayment of loans from member companies.

A new bookkeeping and accounting procedure was established in July, 1972 to secure internal financial control and to improve the quality of reported financial information.

The amount due on loans from banks and member companies was reduced from $14,960 at June 30,

19,2 to $8,373 at June 30, 1973. The amount payable to Stanford University was reduced from $46,659 at June 30, 1972 to $19,951 at June 30, 1973.

The Association's equity position has improved from a figure of ($54,600) at June 30, 1971 to a figure of ($13,456) at June 30, 1973.

4. In November 1972, ACE filed an insurance claim with Fireman's Fund American Insurance Companies for $50,000 for the recovery of money which had been taken through the alleged embezzlement of a former ACE employee. Although disqualified for recovery of the entire amount under the terms of the insurance policy, ACE received and subsequently accepted a settlement from Fireman's Fund of $25,000 while retaining rights to further recovery of the balance by legal action on its own behalf.

5. The ACE-Genesys Video Tape License Agreement which authorizes Genesys to record and market ACE programs did not yield the anticipated income from royalties. Genesys has been granted an extension of the agreement through December 31, 1973, so that they may adequately test the market for ACE courses that have been recorded and placed in their video tape library.

PROGRAMS

1. ***MBA Degree***. Enrollment in MBA courses remained steady in 1972-73 with applications for admission to the Degree Program offsetting the number of students who have graduated. A total of 26 students have received their degrees since the Program began in Fall, 1970.

Student response has been enthusiastic and it is anticipated that with further improvements in the design and presentation of courses the Program will continue to expand.

2. ***Management Development Program***. Enrollment in the Supervisory-Management Program accounted for nearly 25% of total enrollment in ACE courses in 1972-73. This justifies an earlier decision to organize a series of courses which are oriented to the needs of employees in ***management*** positions.

Although the program was received with enthusiasm, student response suggests the need for a second series for employees who are new to ***supervisory*** positions. The first of these, Elements of Supervision, will be introduced this Fall.

3. ***Special Interest Programs***. Several new programs which were designed to serve special education and training requirements of member organizations were introduced in 1972-73. Among these were courses in Modern Sedimentation, Noise Control Engineering, Air Environmental Control (SOCAL), Cost Schedule Control Systems Criteria, Basic Accounting (Philco-Ford), Management By Objectives, Conducting Effective Interviews (GTE-Sylvania), PL/1 Programming (NASA/Ames), and Economic Statistics (Bechtel).

Several of these courses have been video taped by/for ACE member organizations for additional use following the live presentation. It is believed that special interest courses will continue to have great potential for ACE and particular attention will be devoted to increasing the number of courses which are offered in this subject area.

4. ***General Interest Programs***. 1972-73 saw an increase in the number of general interest courses which are offered to employees who have a personal interest in a wide range of subjects. Many of these are professional review courses, while others are oriented toward improvement of basic skills such as reading, report writing, accounting, mathematics, and computer programming.

Among the most popular of these are the Xerox Effective Reading Program, which has been adapted for television by ACE and Basic Transistors, a video tape program which is produced and marketed by Hewlett-Packard Corporation on a commercial basis.

OUTLOOK

1. ACE enters its 5th year of operations with Summer enrollments running 30% higher than the same period in 1972. With this trend-setting performance during a traditionally "slow" academic period it is not too optimistic to expect an increase of approximately 35% in total enrollments in 1973-74 and an increase of approximately 15% in the total number of courses offered.

2. The companies were surveyed at mid-year for suggestions for new courses. Results of the survey showed a significant interest in the following subjects: (*)

Effective Reading	Potential Methods
Technical Writing	Geophysics Courses
Mini-computer Applications	Refinery Processes
Budget Preparation	Geochemistry
Business Report Writing	Effective Interviews
Management of Meetings	Time Management
Human Relations	Social Awareness
Creative Technical Presentations	Continuing Series in Management

(*) Information based on replies from 6 member companies.

3. 1972-73 saw the development of comprehensive courses in mathematics and writing. As a result, these courses will be added to a growing number of component programs which are specifically designed for television and which have establish-objectives. Students may enter and leave these programs as their own personal objectives are met.

Scheduled for introduction in 1973-74 is a series of Affirmative Action courses which will emphasize self-directed career development.

4. Several significant discoveries occurred that will benefit future programs.

(A) Courses which have the most enthusiastic student response are those which are designed and presented for the benefit of an off-campus television audience. These courses normally include a well organized set of notes which may be distributed to the students and the imaginative use of media by the course instructor.

(B) Students respond more enthusiastically to courses which require shorter periods in front of the TV set. Toward the end of 1972-73, ACE began to experiment with 45 minute class periods in place of the standard 50-60 minute class period. The results support a decision to shorten the class period to at least 45 minutes and, in some instances, to 30 minutes.

(C) Courses in which student interaction is an important part of the learning experience should be limited in size. This is especially true of the MBA courses, but experience suggests that the concept may apply to other courses as well.

(D) A great amount of planning, preparation, and coordination is required to produce effective video tape programs. Entering this market will necessitate a substantial commitment of resourses. These are no immediate plans to move in this direction until these resources are available.

Consolidated Balance Sheets

	June 30, 1973	June 30, 1972
ASSETS		
Current Assets		
Cash	$ 5,191	($ 1,867)
Accounts Receivable less allowance for doubtful amounts	16,720 (8,000)	13,674 0
Inventory	5,310	0
Total Current Assets	19,221	11,807
Plant Assets		
Furniture & Equipment	2,171	2,032
Accumulated Depreciation	(413)	0
Total Assets	$20,979	$13,839
LIABILITIES AND ASSOCIATION EQUITY		
Current Liabilities		
Accounts Payable	$ 800	$ 0
Student Tuition Deposits	3,400	0
Taxes Payable	1,340	830
Payable to Stanford	19,952	42,016
Instructors Fees	0	2,092
Tuition Payable	570	0
Loans from Members	1,773	6,320
Total Current Liabilities	$27,835	$51,258
Long-Term Liabilities		
Notes Payat le at 7-3/4%	$ 6,600	$ 9,240
Total Liabilities	$34,435	$60,498
Association Equity	($13,456)	($46,659)
Total Liabilities and Capital	$20,979	$13,839

THOMAS B. MAIER
CERTIFIED PUBLIC ACCOUNTANT
19797 VIEWRIDGE DRIVE
SARATOGA, CALIFORNIA 95070

255-3250

July 15, 1973

Board of Trustees
Association for Continuing Education
404-A Durand Building
Stanford, California 94305

Gentlemen:

I have examined the balance sheet of the Association for Continuing Education as of June 30, 1973 and the income statement for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances, except that the receivables and payables as of June 30, 1972 were excluded from my audit per our engagement conference.

Because the beginning balances were not audited by me and because these balances may have a material effect upon income and expense for the period, I express no opinion on the income statement for the year ended June 30, 1973.

In my opinion, the accompanying balance sheet presents fairly the financial position of the Association for Continuing Education in conformity with generally accepted accounting principles.

Sincerely yours,

Thomas B. Maier

Thomas B. Maier
Certified Public Accountant

Balance Sheet
June 30, 1973

ASSETS

Current Assets			
Cash – Crocker		$ 2,728.14	
Cash – Bank of America		2,412.69	
Petty Cash		50.00	
Accounts Receivable	$ 16,719.63		
Less Allow for Doubtful Accounts	8,000.00	8,719.63	
Inventory		5,310.00	
Total			$ 19,220.46
Plant Assets			
Furniture and Equipment		$ 2,171.84	
Accumulated Depreciation		413.00	$ 1,758.84
Total Assets			$ 20,979.30

LIABILITIES

Current Liabilities			
Accounts Payable – Textbooks		$ 800.00	
Student Tuition Deposits		3,400.00	
Taxes Payable		1,339.99	
Payable to Stanford Univ.		19,951.50	
Tuition Payable		570.00	
Loans from Members		1,773.33	
Total			$ 27,834.82
Long-Term Liabilities			
Notes Payable – 7-3/4%			$ 6,600.00
Total Liabilities			$ 34,434.82

CAPITAL

Association Equity*		
At 6-30-72	$ (46,659.24)	
Insurance Claim Collected	25,000.00	
Net Income, Fiscal Year	8,203.72	
At 6-30-73		$ (13,455.52)
Total Liabilities and Capital		$ 20,979.30

*A lawsuit to recover a loss of $25,000 has been filed.

Association for Continuing Education

Statement Schedules
June 30, 1973

Schedule of Taxes Payable		
I.R.S.	$ 826.11	
H.R.D.	322.58	
Board of Equalization	171.00	
Refund to Employee	20.30	
Total		$1,339.99
Schedule of Loans from Members		
Kennedy Engineers	$ 220.00	
Watkins-Johnson	380.00	
S.R.I.	1,173.33	
Total		$1,773.33
Schedule of Long-Term Loans		
Notes Payable – Cosigned by		
Hewlett-Packard	$3,960.00	
Philco-Ford	2,640.00	
Total		$6,600.00

Income Statement
Year Ended June 30, 1973

Revenue		
Guarantees	$59,500.00	
Tuition	55,030.48	
Books & Misc.	32,929.52	
Total		$147,460.00
Costs and Expenses		
Instructors Fees	$24,465.00	
Books	15,614.68	
Wages	27,912.27	
Rent & Courier Cost	5,700.00	
Studio Cost	29,649.50	
Tuition to Colleges	17,878.05	
Interest	790.44	
Taxes	1,888.55	
Repairs	234.36	
Telephone	473.20	
Office Expense	861.07	
Insurance	2,322.41	
Promotion	678.00	
Travel	356.40	
Printing	748.60	
Accounting	1,065.75	
Depreciation	413.00	
Bad Debt	8,000.00	
Research & Development	205.00	
Total		$139,256.28
Net Income		$ 8,203.72